

Washington Horse Racing Commission
Meeting Minutes
March 10, 2011

The meeting convened at 9:30 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, DVM, Commissioner; Hartly Kruger, Commissioner; Charles Clark, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of February 10, 2011.

Chairman George requested a couple of changes that he wanted made on page 2 of the minutes.

Commissioner Kruger moved to approve the minutes with the changes suggested by Chairman George on page 2. Commissioner Colliton seconded the motion. Unanimously approved.

Item #2. Commissioner's reports.

Chairman George said he had little to report, but had been keeping up with the changing situation regarding the Class C race meets.

Commissioner Kruger said he'd had a conference call with the Class C race meets to assist in obtaining funding for their respective meets.

Commissioner Colliton had nothing to report.

Commissioner Hallowell said he had attended both the Washington Awards banquet and the Oregon Awards banquet.

Item #3. Industry reports:

a. Emerald Downs.

Bob Fraser, VP, Operations, gave the report for Mr. Crockett who was unable to attend. Mr. Fraser said the handle has stabilized but continues to be down 14%. Mr. Fraser said the simulcasting into the Quarterchute Café has exceeded their expectations and overall simulcasting is bringing in on the average, \$30,000 per day. Mr. Fraser reported 658 horses in the barns down about 100 from this time last year. Training has been going pretty well. Everyone is optimistic.

b. WHBPA.

Ron Maus, President, reported he is enjoying a comfortable working relationship with Emerald Downs, very non-adversarial. Mr. Maus reported their board is meeting next week and the Association is facing a significant shortfall in their funding in the amount of \$60,000. MaryAnn O'Connell, Executive Director, said there would be a silent and live auction and casino night to

benefit the Backstretch Clubhouse Learning Center on April 1st and hoped everyone could attend.

c. WTBOA.

Anne Sweet reported for President Dana Halverson who was unable to attend. Ms. Sweet reported the awards banquet far exceeded their expectations and was very well attended. Ms. Sweet said they had assisted in the sale conducted at Pegasus Training Center for Mark Dedomenico which went very well. A syndication training session is scheduled for April 27th at Emerald Downs.

Item #4. ADW License Renewal – TwinSpires.

Mr. Lopez presented the annual renewal request for TwinSpires advance deposit wagering firm to the Commissioners and finding nothing detrimental, staff recommended approval.

Mr. Bradley Blackwell VP, Secretary attended the meeting and answered questions from the Commissioners.

Commissioner Colliton asked Mr. Blackwell about the slow receipt of source market fees being received by the Commission and Mr. Blackwell said he'd spoken with their financial team and this has been corrected.

Commissioner Kruger moved to approve the advance deposit wagering license renewal for TwinSpires for 2012. Commissioner Colliton seconded the motion. Unanimously approved.

Item #5. Class C Race Dates.

- a. Walla Walla Spring – May 14 & 15, 2011;
- b. Waitsburg – May 21 & 22, 2011 (Reconsideration); and
- c. Dayton – May 28 & 29, 2011 (Reconsideration).

Mr. Lopez said at the February 10, 2011 meeting, the Commission granted six days (three weekends of racing beginning April 23 ending May 8th) of racing to Sun Downs Race Track. Mr. Lopez said Senator Mike Hewitt, former Washington Horse Racing Commission, ex-officio member introduced a bill (ESSB 5747) to allow the Class C race meets to obtain independent funding to enable the three associations that conduct a meet Walla Walla, Waitsburg and Dayton, provide the cost to regulate those meets to the Commission. If passed this legislation would take effect immediately.

Mr. Lopez said if this happens, the associations should have to meet three conditions before being granted race days for 2011:

- 1) The bill must be passed by the legislature and signed by the Governor by May 4, 2011;

- 2) Each racing association must provide two to three vet assistants for the test barn, provide photo finish services for all days running, and be willing to accept less Commission staff working fewer hours; and,
- 3) By May 6th, the Commission must receive \$6,000 in public or private donations for each day of Class C racing (\$3,000 per day) to cover the cost of regulation. These monies must be deposited in the WHRC operating account by May 6, 2011.

Mr. Lopez said that if race days are granted each track would be responsible for providing purse money. After Sun Downs receives \$94,800 for it six days from the Class C purse account, the account will only have slightly more than \$2,000 remaining. These funds can be provided to those Class C tracks running in 2011.

Mr. Lopez said this is the last date available for notification to go out to WHRC staff informing them to report to work.

Mr. Lopez also requested Walla Walla submit a request for spring dates of May 14 & 15 to be received and approved at the next meeting of the Commission on April 15, 2011.

Commissioner George moved to grant conditional race days of May 14 and 15 to Walla Walla; May 21 and 22 to Waitsburg; and May 28 and 29 to Dayton subject to the conditions set forth and the Executive Secretary's requirements. Commissioner Colliton seconded the motion. Unanimously approved.

Item #6. Distribution of 2011 Donohue Funds.

Mr. Lopez presented the question of how to distribute the 2011 Donohue funds. Mr. Lopez said the WHRC has historically distributed the fund in March after a nonprofit race meet has been granted race dates for the year. In 2010, there were four nonprofit race meets. In 2011 only one nonprofit meet was granted race dates. On February 14, 2011 Walla Walla inquired regarding how the Donohue funds were going to be distributed. On February 18, staff received similar inquiries from Dayton representing Columbia County. The law is not specific and on advice from the Charles Clark, Assistant Attorney General, it should be a decision for the Commission. The question was whether to distribute the entire account to the race track in Kennewick or divide the funds between the four nonprofit meets Kennewick, Walla Walla, Waitsburg and Dayton.

Commissioner Kruger moved to distribute the fund equally to the four nonprofit race meets. Commissioner Colliton seconded the motion. Unanimously approved.

Item #7. Emerald Downs – request for Handicapping Contest:

- a. Spring Stakes – March 19, 2011; and
- b. The Emerald Qualifying Tournament – June 5, 2011.

Adrian Buchan, VP Marketing, Emerald Downs presented the requests and explained the rules to the Commissioners.

Commissioner Colliton moved to approve the Spring Stakes handicapping contest on March 19, 2011 and the Emerald Qualifying Tournament on June 5, 2011. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #8. Rules of Racing – Adoption Hearings:

a. WAC 260-34-020 and 260-34-030 drug and Alcohol Testing.

Doug Moore, WHRC Deputy Secretary, presented the rule amendment up for adoption. Mr. Moore said the change would allow the WHRC to use swabs that collect oral fluids as a method to pre-screen for drugs. If approved investigators would be able to conduct a field test directly in the stable area if needed. This would also reduce the time for testing and there would be less false positives. Stakeholders support this amendment.

Commissioner Hallowell moved to approve the amendment to WAC 260-34-020 and WAC 260-34-030 allowing the use of oral swabs to collect samples. Commissioner Kruger seconded the motion. Unanimously approved.

Item #9. Executive Secretary's report.

a. Legislative update.

Mr. Lopez said HB 1371 reduces the horse racing commission from five members to three members; and transfers the authority of appointing the state's representative to the National Racing Compact from the Governor to the horse racing commission. Mr. Lopez said this bill is sitting in committee and hasn't moved, but it is not under any deadlines as it is legislation that would not affect the budget.

b. 2010 Government Management Accountability and Performance (GMAP).

Mr. Lopez presented the 2010 GMAP report to the Commission. Mr. Lopez reported that the exercise riders continue to be the highest risk class. On random drug and alcohol testing there were zero positives. The veterinarian pre-race inspections were up because there was a change in entering further out before the race is run and this gives the trainer the opportunity to scratch his horse from the race causing a false higher percentage being reported.

c. Wagering Recap.

Mr. Lopez explained the wagering comparison recap for the month, year and wagering period for February 2011.

d. Monthly Financial Statement.

Mr. Lopez explained the revenues and expenditures for the month of February 2011. The fund balance is \$464,449.

Item #9. Any other business that may be properly brought before the Commission.

Mr. Lopez said the confirmation hearing on reappointing Commissioner Hallowell is Tuesday, March 15, 2011 at 1:30 PM.

Commissioner Hallowell said he'd met Representative J.T. Wilcox and asked about whether any ex-officio member appointments had been discussed or any considered. Mr. Lopez said the Commission is in need of three more, 1 senator and two representatives, one more from the senate and two from the house; he said he would contact Mr. Crockett regarding names to provide that might be interested in being appointed.

Meeting adjourned at 11:07 A.M.

Robert J. Lopez, Executive Secretary